

## Message Text

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ACTION OPIC-06

INFO OCT-01 EA-06 ISO-00 EB-07 COME-00 TRSE-00 OMB-01 L-02

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----- 019981

R 220845Z MAY 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 9963

INFO AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: EINV MY

SUBJ: OPIC INSURANCE FOR MALAYSIAN CARBON SDN. BHD.

REF: A) KUALA LUMPUR 2796 B) STATE 112565

1. AS MENTIONED IN REF A, AUSTRALIAN CARBON BLACK PTY. LTD., A WHOLLY OWNED SUBSIDIARY OF TWO AMERICAN FIRMS -- CABOT CORP. AND ASHLAND CHEMICAL COMPANY, HAS APPLIED FOR OPIC INSURANCE TO COVER THE INVESTMENT IN A NEW CARBON BLACK FACILITY IN MALAYSIA TO BE CALLED MALAYSIAN CARBON SDN. BHD. THE MALAYSIAN COMPANY'S LOCAL ATTORNEYS HAVE RECEIVED A LETTER (DATED FEBRUARY 7) FROM THE MINISTRY OF TRADE AND INDUSTRY (MTI) STATING, IN A CONFUSED FASHION THAT THE COMPANY'S APPLICATION "CAN NO LONGER BE CONSIDERED." MTI'S LETTER STATES THAT DECISION TO DROP APPLICATION FROM CONSIDERATION TAKEN BECAUSE A) EQUITY CAPITAL HAS NOT BEEN BROUGHT INTO MALAYSIA (A POINT VEHEMENTLY DENIED BY COMPANY'S ATTORNEY), AND B) INVESTMENT COMES FROM AUSTRALIA, NOT U.S.

2. ON RECEIPT OF THIS LETTER, EMBOFF RAISED ENTIRE QUESTION WITH VICTOR DE BRUYNE, DEPUTY SECRETARY GENERAL, MTI. DE BRUYNE, WHO HAS BEEN AILING LATELY, CONFIRMED EMBASSY'S BELIEF THAT MTI HAD AGREED

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THAT NO ACTION WOULD BE TAKEN ON OPIC APPLICATIONS

FOR U.S. INVESTMENT THROUGH THIRD COUNTRY SUBSIDIARIES UNTIL COMPLETE REVIEW OF GOM POLICY, ENGENDERED BY HUNT MEMORANDUM, HAD BEEN COMPLETED. HE STATED THAT LETTER RE MALAYSIAN CARBON DID NOT APPLY. COMPANY'S APPLICATION HAS IN FACT BEEN PUT IN ABEYANCE PENDING OUTCOME OF POLICY REVIEW. DE BRUYNE STATED THAT HE HAD GIVEN ATTORNEY GENERAL'S OFFICE TWO-WEEK DEADLINE TO COMPLETE ITS PART OF REVIEW PROCESS. HE ALSO PROMISED TO DO WHAT HE COULD TO EXPEDITE REVIEW WITH OTHER GOM MINISTRIES INVOLVED.

3. DE BRUYNE AGAIN EXPRESSED HIS OFT-STATED POSITION THAT NEW AGREEMENT NEEDED. THIS IS ONE INDICATION THAT MAJOR ARGUMENT PRESENTED IN HUNT'S MEMO, I.E., THAT U.S.-MALAYSIAN IGA FUNDAMENTALLY DIFFERENT FROM INVESTMENT AGREEMENTS MALAYSIA HAS WITH OTHER COUNTRIES, HAS NOT SUNK IN.

4. WE WILL CONTINUE TO PRESS MTI FOR EARLY RESOLUTION OF POLICY REVIEW AND WILL REPORT NEW DEVELOPMENTS AS THEY OCCUR.  
UNDERHILL

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**Control Number:** n/a  
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**Draft Date:** 22 MAY 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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